

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-01 bps)	GNMA (30 Yr) 6% Coupon:	111-27/32 (1.83%)
6 Mo. T-Bill:	0.04 (-01 bps)	Duration:	3.65 years
1 Yr. T-Bill:	0.09 (unch.)	30-Year Insured Revs:	154.9 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.43 (+03 bps)	Bond Buyer 40 Yield:	4.63 (-02 bps)
3 Yr. T-Note:	0.88 (-03 bps)	Crude Oil Futures:	100.61 (-3.69)
5 Yr. T-Note:	1.72 (-01 bps)	Gold Futures:	1,300.70 (+7.30)
10 Yr. T-Note:	2.67 (-06 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.44 (-08 bps)	U.S. High Yield:	6.02% (-04 bps)
		BB:	4.70% (-06 bps)
		B:	6.06% (-02 bps)

Treasuries ended the week on a four-day win streak due to escalating violence in Ukraine. Throughout the week, rising tensions in Ukraine caused uncertainty in equity markets with accusations of Russian violence in Kiev on Tuesday and calls for a military crackdown on activists that worried investors. New single-family homes sales data reported much worse than expected on Wednesday and Treasuries rallied. On Thursday, geopolitical fears continued as Russia said it would begin military drills along the Ukraine border. These fears worsened on Friday as a Ukrainian crackdown on pro-Russian separatists moved ahead with the blockade of the eastern city Slovyansk. Both sides accused each other of escalating force and bringing upon a war, which caused equity markets to tumble and Treasury prices to rise significantly on Friday. Yields on the 30-Year Treasury are now at their lowest level in 9 months. However, these events did not cause oil prices to rise over the week as the price per barrel of crude actually dropped 3.5%. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: March Pending Home Sales (0.8% MoM, -10.2% YoY); Tuesday: April Consumer Confidence (83.0); Wednesday: April ADP Employment Change (206,000), 1st Quarter Annualized GDP (1.2%), 1st Quarter Personal Consumption (1.2%), April Chicago Purchasing Manager (56.8), April Fed QE3 Pace (\$45B), April 30 FOMC Rate Decision (0.25%); Thursday: April 26 Initial Jobless Claims (320,000); March Personal Income (0.4%), March Personal Spending (0.6%); April ISM Manufacturing (54.2), March Construction Spending (0.6%); Friday: April Change in Nonfarm Payrolls (210,000).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,361.46 (-0.29%)	Strong Sectors:	Utilities, Health Care, Energy
S&P 500:	1,863.40 (-0.08%)	Weak Sectors:	Telecom, Materials, Consumer Discretionary
S&P Midcap:	1,347.22 (-0.31%)	NYSE Advance/Decline:	1,698/ 1,517
S&P Smallcap:	649.73 (-1.21%)	NYSE New Highs/New Lows:	313/ 49
NASDAQ Comp:	4,075.56 (-0.49%)	AAll Bulls/Bears:	34.5% / 26.0%
Russell 2000:	1,123.03 (-1.31%)		

Equity markets ended a seesaw week slightly lower as a mainly positive earnings week and strong durable goods orders were offset by weak new home sales and increased tensions between Ukraine and Russia. With almost 50% of S&P 500 members reporting to date, earnings across all ten sectors have been above reduced expectations due to the harsh winter. **Apple Inc.** surged after reporting strong sales of iPhones and increasing their buyback program and dividend by a combined \$30 billion. **Facebook Inc.** announced results well above analyst estimates on strength in mobile, an area of weakness in the past, which accounted for 59% of advertising revenue up from nearly zero in 2012. **Netflix Inc.** gained initially for the week after announcing a price increase on new customers and strong subscriber growth. However, shares fell after HBO announced an exclusive deal to sell older content to Amazon Prime subscribers. Despite growing revenue by 22%, **Amazon.com Inc.** shares fell nearly 10% on Friday after expenses continued to climb on further investments in content, distribution centers, products and new services. In addition, investors balked at the projected loss next quarter as profits from increased spending have yet to materialize. **Gilead Sciences Inc.** advanced after blowing out estimates due to strong sales from its hepatitis C drug Sovaldi. The health care sector had an active week with **Allergan Inc.** receiving an unsolicited bid from **Valeant Pharmaceuticals** and **Novartis AG** agreeing to swap businesses with **GlaxoSmithKline PLC** to better focus on their core businesses. We remain constructive on U.S. equities as profits continue to come in higher than expectations. In addition, with little room for margin improvement, companies are finally starting to increase capital budgets and increase M&A activity, both positives for the market.